

**Project Fiche – IPA National programmes / Component I**

**1 IDENTIFICATION**

<b>Project Title</b>	Establishment of the State Aid System
<b>CRIS Decision number</b>	2012/23589
<b>Project no.</b>	6
<b>MIPD Sector Code</b>	3. Private Sector Development
<b>ELARG Statistical code</b>	03.8. Approximation of European standards - Competition policy
<b>DAC Sector code</b>	33110 Trade policy and administrative management
<b>Total cost (VAT excluded)</b>	EUR 2 826 797
<b>EU contribution</b>	EUR 2 500 000
<b>Management mode</b>	Centralized
<b>EU Delegation in charge</b>	Delegation of European Union to Bosnia and Herzegovina
<b>Implementation management</b>	Delegation of European Union to Bosnia and Herzegovina
<b>Implementing modality</b>	Stand-alone project
<b>Project implementation type</b>	C01 – Project-type interventions
<b>Zone benefiting from the action(s)</b>	Bosnia and Herzegovina

**2 RATIONALE**

**2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED**

In order to ensure progress in respect to the EU integration process of Bosnia and Herzegovina and fulfilment of SAA requirements, as well as regarding obligations deriving from international treaties containing provisions on the state aid, Bosnia and Herzegovina (BiH) was obliged to adopt the State Aid Law. Since February 2012, when the State Aid Law was adopted, some progress has been achieved in relation to its enforcement. In regards to the establishment of the State Aid Council (Council), the Council of Ministers of Bosnia and Herzegovina (CoM) adopted a decision related to the criteria for nomination of three members of the Council. The decision on the appointment of the selection committee for nomination of these three members was also adopted. The remaining five members of the Council should be nominated by the Government of Republika Srpska (RS), Government of

Federation of BiH (FBIH) and Government of Brcko District of BiH (BD). Also, CoM on its 10<sup>th</sup> session adopted the Decision on the seat of the Council. According to article 4 and article 13 of the State Aid Law, the Government of Republika Srpska adopted Regulation on Procedure and Methodology of State Aid Inventory in Republika Srpska („Official Gazette of Republic of Srpska No 45/12). Furthermore, the State Aid Inventory in Republika Srpska has been established and adopted by the Government of Republic of Srpska on its session held on June 21, 2012, by which the obligation under the Article 36 of Interim Agreement has been fulfilled in the foreseen time-frame.

Nevertheless, it can be noted that a functional system of state aid control does not exist in BiH and that the establishment of the Council is not finalized. Through means of technical assistance and supply of necessary equipment this project will support further development of the state aid system. The project will build upon results of the smaller scale assistance designed to address above mentioned issues, planned through IPA 2011 and the Project Preparation Facility (PPF) 2010.

## **2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES**

The MIPD for the period 2011-2013, for the private sector development under section 3.3.3, among other objectives, identifies the following objective for EU support over the mentioned period: “improving of the institutional and legal framework as well as the coordination and harmonisation of SME related public policies and support Bosnia and Herzegovina to adhere to its obligations under the IA/SAA”. Indicators for this objective are “Improved capacities at State- and Entity-level, in particular of key institutions such as the Institute for Intellectual Property Rights, the Indirect Taxation Authority, the Competition Council, and, once established, the State Aid Authority and the SME Department in the Foreign Investment Agency.”

The European Commission for the IPA 2012-2013 programing for BiH underlined the priority of preparations for the future State Aid Authority which envisages “to set up the institutional framework necessary for effective control of State aid in compliance with the Interim Agreement”.

## **2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT**

EC Treaty, article 87(1) states “...any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it affects trade between Member States, be incompatible with the common market”.

According to article 71 of SAA (art. 36 of Interim Agreement), Bosnia and Herzegovina is obliged to establish an operationally independent public authority, which is entrusted with the powers necessary for the full application of paragraph 1(c) of this article, which states “any State aid which distorts or threatens to distort competition by favoring certain undertakings or certain products”.

The Progress Report for 2011 states: “A little progress has been made concerning the State Aid. The Council of Ministers adopted the Draft Law on State Aid, but the Parliament has to do the same. Operationally independent public authority for state aid control has not yet been established, which is one of the obligations under Interim Agreement. The transparency of the State aid has not been ensured”.

“In general, preparations in the area of competition are still in an early phase. Bosnia and Herzegovina needs to undertake more intensive measures for adopting the Law on State Aid, which would be in line with *acquis*, as well as to establish institutional framework necessary for efficient state aid control“.

At its session held on February 3<sup>d</sup>, 2012 Parliament of BiH has adopted the Law on the State Aid. This Law was announced in the Official Gazette of BiH, No. 10/12. The institutional framework necessary for efficient state aid control remains to be established.

## **2.4 PROBLEM ANALYSIS**

By signing the SAA in 2008, Bosnia and Herzegovina has obliged itself to take over EU regulation on state aid. One of the most important issues in the Progress report 2011 is the issue of absence of the state aid system. Solving this issue in line with Constitution competencies is one of the main conditions for speeding up the country’s European way.

In line with the adopted State Aid Law, relevant authorities responsible for law implementation are the State Aid Council and Implementing Authorities as follows: BiH Council of Ministers, Government of the Federation of BiH, Government of the Republika Srpska, and Government of Brcko District via their relevant authorities. According to the Constitutional competencies and complex political structure of BiH, the most important role is played by the entity governments. Considering this fact, providing assistance and supporting these implementation authorities is necessary, in order to establish the institutional framework necessary for efficient state aid control.

The State Aid Law, which entered into force on 7<sup>th</sup> February 2012, poses strict deadlines for the establishment of the State Aid Council and adoption of necessary legislation. According to Article 20, the deadline for submitting the list/inventory of the State Aid programmes/schemes, existent prior to the establishment of the State Aid Council, to the CoM is July 1<sup>st</sup>, 2012. Article 22 stipulates that three months following the Law entry into force, the State Aid Council is to be established and operational. According to Article 24, sub-legal acts defined by the Law are to be adopted three months after the establishment of the State Aid Council.

Existent problems of delays in the implementation of the Law, especially those concerning Article 24, will be supported through activities foreseen under PPF 2010 assistance that has recently been approved, and the IPA 2011 “Trade” project. This project, building upon their results, supports further implementation of the legislation and further application of methodology which regulates rights and obligations of institutions from all levels of government within the state aid system. Furthermore, the project supports development of missing acts and strengthening of cooperation between statistical agencies on matters regarding state aid. The envisaged training activities will contribute to enhanced knowledge

and skills of civil servants from all levels of government, which together with the supply of necessary equipment, contributes to the efficacy and operability of the system. The state aid system will be brought closer to the wider public through awareness raising activities.

The project will ensure adoption of the missing legislative framework as well as establishment of the functional state aid system in line with Constitution competencies. Furthermore, it will contribute to ensuring competitive and transparent economic space, strengthen the activities to prepare the country to withstand international competition and market forces upon accession to the European Union, as well as ensure greater control of public spending.

## **2.5 LINKED ACTIVITIES AND DONOR COORDINATION**

The CARDS 2006 project "EU Support to Competition and State Aid in BiH" project was implemented in the period from January 2005 to May 2008. As to the development of a BiH state aid system, the project facilitated substantially the BiH Government with proposals for state aid legislation, a state aid inventory and mapping reports and a model for future annual report to Brussels in this field.

The IPA 2011 "Trade" project under component 3, Competition, envisages minor scale support to the State Aid Council. Overall amount of the support to component 3 is EUR 1 500 000, with a smaller part of the assistance targeted towards achieving the result 3.4. "State Aid control operational". The implementation of this project has not started yet. The assistance will be focused on trainings at municipality level and awareness raising among them. After the adoption of the Law on the State Aid, additional assistance has also been requested by beneficiary institutions to address urgent issues deriving from the Law. A Member State expert mission has been approved in June, 2012 with the objective to present to the competent authorities (CAs) of Bosnia and Herzegovina (BiH) the EU system for the state aid control and help to draft the secondary legislation according to Article 24(1) and 24(2) of the BiH State Aid Law. The competent authorities should also be enabled to draw up a detailed work plan for the introduction of an efficient state aid control system, including a sequence of planned preparatory steps. Since the outlined projects represent minor scale actions, the IPA 2012-2013 project is not conditioned by their results to a great extent. The IPA 2012-2013 project, representing the major and substantial support to the sector, will be co-ordinated with prior projects and build upon their results. The co-ordination of activities is ensured via SPO and PPG (Project Preparation Group – more details in section 4.3.4.) that are involved in the preparation of all mentioned projects.

## **2.6 Lessons learned**

The project "EU Support to competition and state aid in Bosnia and Herzegovina" (CARDS 2005) has helped the facilitation of the development of a state aid system in BiH including its support to the establishment, law drafting advice and functioning of the working group for drafting a State Aid System Law. However, the tasks of the Project did not only relate to the elaboration and the adoption of a State Aid System Law. The Project was also asked to assist the authorities in BiH in the development of a state aid monitoring system through the creation of a preliminary state aid inventory (for the period of 2004-2006), state aid mapping preparations as well as the model for annual state aid report for BiH to be sent to Brussels.

While the establishment of this type of a monitoring and reporting system is necessary for furthering trade and the future international economic relations of BiH with the EU, it is also a valuable instrument for BiH itself. National benefits include an improved public budgeting and expenditure management and a modern approach across many aspects of economic development of BiH.

### **3 DESCRIPTION**

#### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

To fulfil obligations deriving from SAA, Article 71, in accordance with Articles 81 and 82 of the EEC Treaty.

Article 71 defines in the paragraph 1 actions incompatible with the proper functioning of the Agreement:

- (a) "all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition
- (b) abuse by one or more undertakings of a dominant position in the territories of the Community or of Bosnia and Herzegovina as a whole or in a substantial part thereof
- (c) any State aid which distorts or threatens to distort competition by favouring certain undertakings or certain products"

and states that the "...Parties shall ensure that an operationally independent public authority is entrusted with the powers necessary for the full application of paragraph 1(a) and (b), regarding private and public undertakings and undertakings to which special rights have been granted" and that "Bosnia and Herzegovina shall establish an operationally independent public authority, which is entrusted with the powers necessary for the full application of paragraph 1(c) within two years from the date of entry into force of this Agreement".

Article 73 stipulates that Bosnia and Herzegovina shall take all necessary measures to, the latest five years after coming of the Agreement into force, guarantee the level of intellectual, industrial and commercial property rights protection similar to the one in the Community, including effective means for the enforcement of such rights. Bosnia and Herzegovina has committed itself to join multilateral conventions in this field related to the TRIPS.

Article 87 stipulates that "The Community and Bosnia and Herzegovina shall facilitate the process of economic reform by cooperating to improve understanding of the fundamentals of their respective economies and the formulation and implementation of economic policy in market economies".

#### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

To ensure a competitive and transparent economic space, greater control of public spending and fulfilment of obligations deriving from international treaties containing provisions on the state aid.

### 3.3 RESULTS

The project will support establishment of the functional state aid system and raise awareness on its benefits among wider public through two anticipated results. The results and corresponding indicators are listed below.

1. State Aid system and system for the evaluation of the state aid allocations in BiH are operational

Indicators:

- Functional and coordinated consultation mechanisms between the State Aid Council and implementing bodies are reported
- Preparations of the system for statistical GDP monitoring in accordance with NUTS II are reported
- At least 50 trained key actors in the implementation of obligations in the field of state aid, including the staff trained for the use of the purchased equipment
- Number of seminars, workshops, conferences held and attended by at least 200 officers and number of trained officers in entity governments, Brcko District and Council of Ministers
- Provisional Acceptance Certificates are signed for the delivered hardware and software

2. Awareness on the benefits of the state aid system raised

Indicators:

- Number of awareness raising seminars and workshops delivered by the end of the project, and attended by at least 100 participants
- Adequate number of brochures and leaflets prepared
- Positive feedback is given by the key stakeholders on the functional web page

### 3.4 MAIN ACTIVITIES

Activities of the project will be delivered by means of two contracts, Technical Assistance and Supply. The list of activities and their connection to a specific contract is given below.

Activities related to the result 1:

- 1.1 Providing support to the implementation of State Aid Law and corresponding bylaws  
Contract 1.1 Technical Assistance
- 1.2 Continuous development of missing acts, thus creating precondition for efficient work of implementing bodies

- Contract 1.1 Technical Assistance
- 1.3 Further application of methodology which regulates rights and obligations of municipalities, districts, cantons, entities and state level institutions in the state aid system and adoption of acts that prescribe those obligations and rights  
Contract 1.1 Technical Assistance
- 1.4 Strengthening cooperation between statistical agencies in the area of state aid  
Contract 1.1 Technical Assistance
- 1.5 Organization of trainings for identified target groups (civil servants)  
Contract 1.1 Technical Assistance
- 1.6 Organization of a study visit for relevant actors involved in design of public policies and legislative framework in the field of state aid  
Contract 1.1 Technical Assistance
- 1.7 Training of officers in charge of preparation of annual state aid reports towards the EU (in line with standardized procedures)  
Contract 1.1 Technical Assistance
- 1.8 Procurement and installation of software and hardware for monitoring and reporting  
Contract 2.1 Supply
- 1.9 Training of all relevant officers on the usage of equipment – min. 20<sup>1</sup>  
Contract 2.1 Supply

Activities related to the result 2:

- 2.1 Organization of awareness raising seminars and workshops on importance and advantages of a state aid system for the business community, chambers of commerce, business associations etc.  
Contract 1.1 Technical Assistance
- 2.2 Printing of suitable brochures, leaflets and analysis  
Contract 1.1 Technical Assistance
- 2.3 Organization and conduct of a public campaign on the significance of state aid  
Contract 1.1 Technical Assistance

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT**

The support provided to the State Aid Council, implementing bodies and other relevant actors in implementation of the State Aid Law and corresponding bylaws, together with supply of necessary equipment and strengthened cooperation between statistical agencies will create conditions for efficient work of these bodies. Furthermore, trainings planned for actors involved in the field of state aid together with awareness raising activities will lead to better understanding of the system that represents a novelty for the administration in BiH.

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<sup>1</sup> This is an indicative number and will be confirmed/specified during the inception phase of the implementation.

Aforementioned represents prerequisite for establishing the functional state aid system and leads to fulfilment of one of the obligations deriving from the Interim Agreement.

The catalytic effect this project could produce is the increase of competition in the private sector through regulating the level of the state aid available to private sector. Transparency of state aid allocations can lead to increased competitiveness of the private sector.

### **3.6 SUSTAINABILITY**

The sustainability of the project will be ensured through establishment of a functional, transparent state aid system, as well as through implementation of State Aid Law and corresponding bylaws, adoption and publication of the State Aid Council decisions, state aid annual reports, published brochures and rulebooks at respective levels of government, as well as maintaining the created web pages and raised awareness.

Prerequisites for continuous efficient work of implementing bodies regarding state aid will be ensured through transfer of skills and trainings of officers, civil servants and key actors in the process, as sufficient human resources capacities would be created. The State Aid Law provides for nomination of members of the State Aid Council for the period of four years, which contributes to the sustainability of results aimed at capacity building of key actors.

### **3.7 ASSUMPTIONS AND PRE-CONDITIONS**

This project should be the continuation of the activities and results achieved through IPA 2011 project in the area of state aid control. In this respect, in order to ensure successful implementation of this project, activities from IPA 2011 project, such as establishment of a legislative framework and preparing technical specifications for purchasing the equipment and software, should be implemented.

Furthermore, prerequisites for the implementation of the project include the existence of political will, conducting public procurement procedures without delays, existence of satisfactory human resources capacities, existence of awareness on the justification of project among all targeted groups (civil servants, business community, municipality administrations) as well as signing Financial Agreement without delays.

## **4 IMPLEMENTATION ISSUES**

The assistance will be implemented in the centralised management mode in accordance with PRAG rules.



#### 4.1 INDICATIVE BUDGET

##### Indicative Project budget (amounts in EUR)<sup>2</sup>

PROJECT TITLE			SOURCES OF FUNDING									
			TOTAL EXPENDITURE	IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1			1 944 444	1 750 000	90	194 444	10					
contract 1 Technical assistance	X		1 944 444	1 750 000	90	194 444	10					
Activity 2			882 353	750 000	85	132 353	15					
contract 2 Supply		X	882 353	750 000	85	132 353	15					
TOTAL IB			1 944 444	1 750 000	90	194 444	10					
TOTAL INV			882 353	750 000	85	132 353	15					
<b>TOTAL PROJECT</b>			<b>2 826 797</b>	<b>2 500 000</b>	<b>88</b>	<b>326 797</b>	<b>12</b>					

<sup>2</sup> Under centralised mode of implementation of IPA assistance the co-financing is implemented as parallel co-financing.

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1.1	Q3/2013	Q1/2014	Q1/2016
Contract 1.2	Q3/2013	Q1/2014	Q4/2014

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non discrimination*

The project is a technical intervention aiming at strengthening administrative capacities with a view to EU accession. Equal opportunity principles and practices in ensuring equitable gender participation and non-discrimination within the project will be guaranteed.

### 4.3.2 *Environment and climate change*

The project is a technical intervention aimed at strengthening administrative capacities with a view to EU accession; it will not lead to any negative environmental effects.

### 4.3.3 *Minorities and vulnerable groups*

Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

### 4.3.4 *Civil Society/Stakeholders involvement*

IPA programming process included consultations with Civil Society and Donor Community in BiH, through two consultation meetings and exchange of relevant information on the process and individual proposals. All relevant institutions from various levels of government in BiH participated in the preparation of the project proposal.

**ANNEXES****Documents to be annexed to the Project fiche**

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Reference list of relevant laws and regulations only where relevant**
- 4. Details per EU funded contract(\*) where applicable:**
- 5. Project visibility activities**

### ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number:		6 Establishment of the State Aid system
		Contracting period expires: Three years following the date of the conclusion of the Financing Agreement		Execution period expires Two years following the contracting expiry date
		Total budget	EUR 2 826 797	
		IPA budget	EUR 2 500 000	
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		
To fulfil obligations deriving from SAA, Article 71, in accordance with Articles 81 and 82 of the EEC Treaty	<ul style="list-style-type: none"> <li>Adopted legislative framework for the State Aid system reported</li> <li>Remaining obligations from the Stabilization and Association Agreement fulfilled and reported</li> <li>Operational State Aid Council reported</li> <li>Operational Secretariat of the State Aid Council reported</li> <li>Implementing bodies (i.e. BH Council of Ministers, Government of Federation of BiH, Government of Republika Srpska, Government of Brcko District), established operational functioning of the State Aid system, through their competent authorities</li> </ul>	<ul style="list-style-type: none"> <li>Official Gazettes (adopted guidelines on the State Aid)</li> <li>Adopted rulebooks and systematizations at respective levels of government</li> <li>Annual Progress Reports</li> <li>State Aid Annual report</li> <li>SAA Committees' minutes</li> </ul>		
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>
To ensure a competitive and transparent economic space, greater control of public spending and fulfilment of obligations deriving from international treaties containing provision on state aid.	<ul style="list-style-type: none"> <li>Developed and harmonized guidelines obtained and by-laws on the application of the State Aid rules adopted</li> <li>Dedicated software is available for the State Aid inventory and State Aid programme inventory</li> </ul>	<ul style="list-style-type: none"> <li>Annual Progress Report</li> <li>Acts, decisions published in Official Gazettes</li> </ul>		<ul style="list-style-type: none"> <li>Procedures passed without delays</li> <li>Satisfactory human resources capacities existing</li> </ul>

	<ul style="list-style-type: none"> <li>Regular meetings are organised between the State Aid Council and implementing bodies for the functional and coordinated consultation mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Web page</li> </ul>	
<p><b>Results</b></p> <p>1. State Aid system and system for the evaluation of the state aid allocations in BiH are operational</p> <p>2. Awareness on the benefits of the State Aid system raised</p>	<p><b>Objectively verifiable indicators (OVI)</b></p> <ul style="list-style-type: none"> <li>Functional and coordinated consultation mechanisms between the State Aid Council and implementing bodies are reported</li> <li>Preparations of the system for statistical GDP monitoring in accordance with NUTS II are reported</li> <li>At least 50 trained key actors in the implementation of obligations in the field of state aid, including the staff trained for the use of the purchased equipment</li> <li>Number of seminars, workshops, conferences held and attended by at least 200 officers and number of trained officers in entity governments, Brcko District and Council of Ministers</li> <li>Provisional Acceptance Certificates are signed for the delivered hardware and software</li> <li>Number of awareness raising seminars and workshops delivered by the end of the project, and attended by at least 100 participants</li> <li>Adequate number of brochures and leaflets prepared</li> <li>Positive feedback is given by the key stakeholders on the functional web page</li> </ul>	<p><b>Sources of Verification</b></p> <p>Published State Aid Council decisions</p> <p>Official Gazettes data</p> <p>Project reports</p> <p>State Aid Annual Reports</p> <p>Published analysis of vertical and horizontal state aid assigned (continuous through the project)</p> <p>Training evaluation forms</p> <p>Media coverage of the awareness raising campaign</p> <p>Published brochures, analysis and guidelines</p>	<p>Assumptions</p> <ul style="list-style-type: none"> <li>Awareness on the justification of project, among all targeted groups (civil servants, business community, municipality administration), exists</li> </ul>

Activities to achieve results	Means / contracts	Costs	Assumptions
<p>Activities related to the result 1:</p> <p>1.1 Providing support to the implementation of State Aid Law and corresponding bylaws</p> <p>1.2 Continuous development of missing acts, thus creating precondition for efficient work of implementing bodies</p> <p>1.3 Further application of methodology which regulates rights and obligations of municipalities, districts, cantons, entities and state level institutions in the state aid system and adoption of acts that prescribe those obligations and rights</p> <p>1.4 Strengthening cooperation between statistical agencies in the area of state aid</p> <p>1.5 Organization of trainings for identified target groups (civil servants)</p> <p>1.6 Organization of a study visit for relevant actors involved in design of public policies and legislative framework in the field of state aid</p> <p>1.7 Training of officers in charge of preparation of annual state aid reports towards the EU (in line with standardized procedures)</p> <p>1.8 Procurement and installation of software and hardware for monitoring and reporting</p> <p>1.9 Training of all relevant officers on the</p>	<p>Service contract – EUR 1 750 000 (Co-Financing EUR 194 444)</p> <p>Supply contract - EUR 750 000 (Co-Financing: EUR 132 353)</p>	<p>EU Contribution : EUR 2 500 000</p>	<ul style="list-style-type: none"> <li>• Financial Agreement signed without delays</li> <li>• Public procurement procedures conducted without delays</li> </ul>

<p>usage of equipment</p> <p>Activities related to the result 2:</p> <p>2.1 Organization of awareness raising seminars and workshops on importance and advantages of a state aid system for the business community, chambers of commerce, business associations etc.</p> <p>2.2 Printing of suitable brochures, leaflets and analysis</p> <p>2.3 Organization and conduct of a public campaign on the significance of state aid</p>			
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## **ANNEX 2 Description of Institutional Framework**

The main stakeholders identified due to their role in the process are:

- Ministry of Foreign Trade and Economic Relations BiH
- Government of Republika Srpska,
- Government of Federation of BiH,
- Brcko District,
- State Aid Council
- entity bodies involved in State Aid.

State Aid Council will cooperate on occasional and obligatory basis with bodies such as Competition Council, Directorate for European Integration etc. The project was designed through the mechanism of the Project Preparation Groups (PPG) including representatives of the Ministry of Foreign Trade and Economic Relations from the state level, Ministry of Finance from the both entities, representative of Brcko District government, representative of Delegation of the EU in BiH and representative of Directorate for European Integration (NIPAC Office). This composition will be taken into consideration once deciding on the membership of the project Steering Committee.

## **ANNEX 3 Reference list of relevant laws and regulations only where relevant**

- Bosnia and Herzegovina State Aid Law (“Official Gazette of BiH”, No 10/12 from 7th of February 2012),
- Decision on the criteria for nomination of three members of the BiH State Aid Council that will be nominated by the BiH Council of Ministers (Official Gazette No 43/12 from June 4<sup>th</sup>, 2012)
- Decision on nomination of selection committee members for nomination of three members of the BiH State Aid Council that will be nominated by the BiH Council of Ministers (Official Gazette No 43/12 from June 4<sup>th</sup>, 2012)
- Regulation on Procedure and Methodology of State Aid Inventory in Republic of Srpska („Official Gazette of Republic of Srpska No 45/12)

## **ANNEX 4 Details per EU funded contract(\*) where applicable:**

This project envisages implementation through TA – Service contract (a) and Supply contract (b).

a) The list of exact outputs expected from the contractor, in case of the TA component, should be updated once the results of the PPF 2010 and IPA 2011 project are achieved and when the scope of the action of this project can be specified in more details. Indicatively, expected outputs include:

- proposed further development of the legal framework in the field of state aid including work methodology, standard forms, annual reports etc.;
- conducted preparations for statistical GDP monitoring,



- strengthened co-ordination mechanism and/or procedures for cooperation between State Aid Council and implementing agencies as well as cooperation between statistical agencies,
- delivered trainings to all relevant stakeholders,
- organized study visit,
- organized awareness raising campaign.

b) The indicative specification of needed equipment with prices in EUR, and quantities in brackets:

<b>1. Hardware</b>	<b>594 000</b>
1.1 Reconstruction of passive network infrastructure (1)	30 000
1.2 Multifunctional device (Printer, Scanner, Photocopier, Fax) (4)	5 000
1.3 Computer (60)	72 000
1.4 VoIP system (VoIP phone, VoIP Gateway, software) (25)	25 000
1.5 Tablet PC (20)	20 000
1.6 Switch- Access layer (PoE) (6)	21 000
1.7 Switch-Core layer (L3) (2)	100 000
1.8 Firewall (2)	18 000
1.9 Server platform for virtualization (1)	150 000
1.10 Storage (1)	50 000
1.11 Backup devices (2)	40 000
1.12 Access point device (7)	7 000
1.13 Access point controller (2)	6 000
1.14 Implementation and configuration of system equipment (1)	50 000
<b>2. Software</b>	<b>116 000</b>
2.1 Web based application for State Aid System (Monitoring, Reporting) and database (1)	100 000*
2.2 Software licences (OS) (6)	5 000
2.3 Software licences (Database) (2)	9 000
2.4 Digital certificate for Web security access (1)	2 000
<b>3. Training and documentation</b>	<b>40 000</b>
3.1 Deliver detailed system documentation and User/ Administrator manuals (1)	5 000
3.2 Training for administration and maintenance of system equipment (6)	22 000
3.3 Training for usage of application solution (Users) (200)	10 000
3.4 Training for administration and maintenance of application and database (Administrators) (4)	3 000
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<b>TOTAL</b>	<b>750 000</b>

\*If, at the later stage, the decision on the development of the software is taken (rather than purchase), service tender would be employed.

**ANNEX 5      Project visibility activities**

The Project visibility activities will be undertaken according to the specific project activities implemented, in line with the EU visibility and communication rules and requirements.